GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1303
ANSWERED ON:31.07.2001
IMPORT OF DAP
KANTI SINGH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have favoured the Di-ammonia Phosphate (DAP) importersand subsidy to the tune of Rs. 375 crore provided on the import of DAP during 1999- 2000;

(b) if so, the details thereof;

(c) whether it is a fact that the Government have a different subsidy policy for importers of DAP and the domestic DAP manufacturers thereby creating scams in fertilizers sector;

(d) if so, the details of difference in subsidy for importers as well as domestic manufacturers; and

(e) the details of importers benefited as a result thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S.B. MOOKHERJEE)

(a) & (b): No, Sir. The rates of concession for both imported DAP as well as indigenousDAP are determined taking into account the cost of import and cost of production respectively. Moreover, the release of concession is based on certification of sales by State Governments. During 1999-2000, nearly Rs. 882 crores have been incurred, underConcession Scheme for 32.68 lakh MT of imported DAP.

(c): The Government determines the Maximum Retail Price (MRP) for both indigenous andmported DAP. However, the Government has been maintaining differential concession in favour of the domestically produced DAP as it suffers a handicap on account of non availability of indigenous raw materials / intermediates. The landed cost of imported ammonia and phosphoric acid required for manufacture of per MT of DAP has generally been higher than the landed cost of imported DAP. In addition, the domestic industry has to incur conversion costs including capital related charges. The difference hence arises primarily because of the main reason that the international price of raw materials, intermediates and finished product are governed by the respective supply − demand balances in the international market and are not inter-related or cost- based.

(d): During 1999-2000, the following concession rates were paid for indigenous and imported DAP respectively:

(Rs./MT)

Period	Indigenous DAP	Imported DAP
Ist Quarter	4150	3050
2nd Quarter	4250	3200
3rd Quarter	4300	3200
4th Quarter		
(1.1.2000 to 28.2.2000)	4550	3250
(29.2.2000 to 31.3.2000)	3900	1050+

+ The reduction in the concession rate in the IVth quarter [for the period 29.2.2000 to 31.3.2000] was consequent upon an increase in the MRP w.e.f 28.2.2000.

(e): Since during this period the rates of concession for imported DAP were less than those of indigenous DAP, importers have not been benefited on this count.